

Plugging Holes
By Lloyd Levine
Assemblymember, 40th District

Plugging a tax loophole that a few wealthy people are benefiting from at the expense of many seems like a reasonable thing to do, wouldn't you agree? Well, that's what I'm trying to do with my bill AB 694, which will make it more difficult to avoid paying sales and use tax on vehicles such as yachts and airplanes by taking delivery outside the state, then waiting to bring them into the state.

I believe that most people are interested in what's going on in Sacramento these days, with the issues of looming budget cuts, education funding, workers compensation reform, and other issues at the forefront of our legislative agenda. So I ask you, with so many programs that serve children, the elderly, the disabled, and the poor, in danger of being cut, wouldn't it make sense to collect millions of dollars in lost revenue by simply closing a tax loophole that benefits only the wealthiest Californians?

At this point, my bill, AB 694, has been stalled in the Senate because certain Senators are calling it a *tax increase*. Let's be clear—do the Senators who are opposed to collecting millions of dollars in lost tax revenue in order to maintain unfair tax loopholes that benefit only the wealthiest Californians, really have the State's best interests at heart?

When I first introduced AB 694, I can't tell you how many letters and calls I received from boat and airplane manufacturers and dealers who complained that their businesses would be hurt by this legislation.

This is my response to them: how do I justify allowing an obvious tax loophole to continue to exist just because it's good for the small number of airplane and boat manufacturers and dealers, and it benefits the wealthiest individuals in this state, while denying our state the tax revenue it rightfully should receive?

Do I believe that people will stop buying boats and planes just to avoid paying California sales tax? No, I don't. If these people live in California and use their boat or plane in California, and can afford to purchase one of these luxury items, I firmly believe that it is not asking too much for them to pay their rightful share of sales tax on these items.

All Californians pay sales tax if they buy a car at a local car dealership or if they purchase a new couch at their local department store. What would happen if there were loopholes making it easy for *everyone* to avoid paying sales tax on these items, or other more commonly purchased items? The state would literally go broke. Sales tax revenue is the State's major source of revenue. Much of this money is then distributed to the counties and cities. Virtually every service provided by every branch of government would be cut substantially, or simply cease to exist.

It's simply not too much to ask for people to pay their fair share of sales and use tax, because when one person takes advantage of a tax loophole, it shifts the tax burden on every other person that does pay his or her fair share.

I ask that you support my legislation to close the boat tax loophole. I believe it is morally wrong to protect the pocket books of a few while allowing the financial burden to rest on the shoulders of those who can least afford it. We are all feeling the effects of poor financial choices that have been made in the past. Let's not pass up an opportunity to help turn things around.

I ask that you contact your Senators to request that they support this legislation. Thank you.

Senator Richard Alarcon, 20th Senate District, can be reached at 818-901-5588.

Senator Sheila Kuehl, 23rd Senate District, can be reached at 310-441-9084.

Senator Pete Knight, 17th Senate District, can be reached at 661-274-0188.